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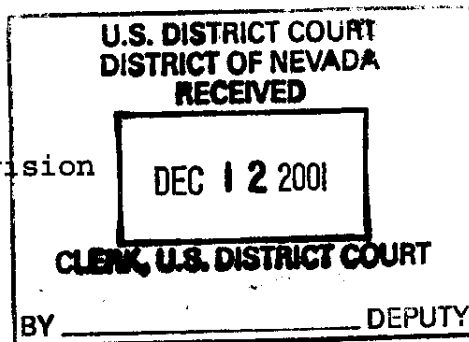
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UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

ELAINE CHAO, Secretary of the  
United States Department of Labor,

Plaintiff,

vs.

JAMES GRAF, et al.,

Defendants.

CV-N-01-0698-DWH-RAM

[PROPOSED] TRO AND  
ORDER TO SHOW CAUSE

Plaintiff Elaine Chao, Secretary of the United States Department of Labor (the "Secretary"), having applied for a Temporary Restraining Order and an Order To Show Cause Why a Preliminary Injunction Should Not Be Entered in this action, and the Court having considered counsels' arguments, Plaintiffs' Memorandum, and the supporting Declaration and exhibits filed herein, and having found that the Secretary has shown a likelihood of success on the merits of her ERISA claims and the possibility of irreparable injury to the Employers Mutual Plans' participants absent the relief requested:

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IT IS HEREBY ORDERED THAT:

1. All assets of Defendants James Lee Graf ("Graf"), William Kokott ("Kokott"), Nicholas Angelos ("Angelos"), Kari Hanson ("Hanson"), Colombia Health Network, Inc., Western Health Network, Inc., Employers Mutual, LLC, American Association of Agriculture, LLC, Association of Automotive Dealers and Mechanics, LLC, Association of Barristers and Legal Aids, LLC, Communication Trade Workers Association, LLC, Construction Trade Workers Association, LLC, American Coalition of Consumers, LLC, Association of Cosmetologists, LLC, Culinary and Food Services Workers Association, LLC, Association of Educators, LLC, Association of Health Care Workers, LLC, National Alliance of Hospitality and Innkeepers, LLC, Association of Manufacturers and Wholesalers, LLC, Association of Real Estate Agents, LLC, Association of Retail Sellers, LLC, National Association of Transportation Workers, LLC, and National Association of Independent Truckers, LLC, (referred to collectively as the "Associations") including all accounts wherever located which contain their assets, be and hereby are frozen and Defendants, their officers, directors, fiduciaries, agents, employees, service providers, depositories, banks, accountants, attorneys, and any other party acting in concert with or at the direction of any Defendant be and hereby are enjoined from expending, transferring, encumbering, hypothecating, secreting or otherwise disposing of any Defendants' assets, except as ordered by this Court or its duly appointed receiver or Independent Fiduciary.

The bank accounts frozen include, but are not limited to, California Federal Bank account numbers 893-4221980; 893-4203988; 893-4207708; 893-4203996; 893-4207716; 893-4217988; 893-4207526; 893-4218994; 893-4207583; 893-4221998; 893-42079674; 893-4221972; 893-4207666; 893-4217996; 893-4207534; 893-4219950; 893-4207591; 893-4218952; 893-4207542; 893-4218960; 893-4207559; 893-4219968; 893-4207682; 893-4217970; 893-4207617; 893-4218986; 893-4207567; 893-4218978; 893-4207575; 893-4222954; 893-4207609; 893-4224968; and 893-4207690; Bank of America, N.A. account numbers 004961861669; 004961861656; 004961861643; and 004961861685; City National Bank account numbers 0411957985 and 0411958434; and, Bancfirst Bank (Oklahoma City, Oklahoma) account number 4005094592;

2. Defendants are to provide this Court, the Secretary of Labor's counsel, and the Independent Fiduciary with the name, account number, and location of their personal bank accounts and any other accounts containing their assets;

3. The status quo of the Employers Mutual Plans, the Associations, and Employers Mutual is to be maintained and all Defendants and their agents, employees, service providers, depositories, banks, accountants, attorneys, and any other person or entity with actual notice of the order and acting in concert with or at the direction of any Defendant, are enjoined to preserve and secure all books, records, and documents which

relate to the administration of said entities and their assets and to comply in good faith with the terms of this Order;

4. Defendants and any companies or entities they own or control, including Defendants in this action, are removed from any positions they may currently hold with respect to Employers Mutual, the Associations, and the Employers Mutual Plans, and Defendants are enjoined from exercising any authority or control with respect to said entities, and from providing any services to or receiving any compensation from them except as ordered by this Court;

5. Thomas Dillon is appointed as the Court's receiver or Independent Fiduciary of Employers Mutual, the Associations, and the Employers Mutual Plans with plenary authority to administer said entities and, if necessary, to implement their orderly termination. The Independent Fiduciary shall collect, marshal, and administer the assets of the Employers Mutual Plans, Graf, Kokott, Angelos, and Hanson including those sums owing and payable to them, process the Employers Mutual Plans' unadjudicated claims and pay those which are found to be legitimate, identify all creditors of the entities and the amount of their claims, and take such further actions with respect to said entities which may be appropriate. The Independent Fiduciary shall exercise full authority and control with respect to the management or disposition of the assets of the Employers Mutual Plans and other entities, including authority over all bank accounts;

6. All Defendants are enjoined from coercing, intimidating, interfering with or attempting to coerce, intimidate, or interfere with the Independent Fiduciary or with the agents, employees or representatives of the Independent Fiduciary and are ordered to cooperate fully with the Independent Fiduciary or his successors, agents, employees or representatives;

7. All Defendants are to deliver or otherwise make available to the Independent Fiduciary all books, records, bank accounts, and documents of every nature relating in any manner to the management and operation of the Employers Mutual Plans and the other entities under the receivership of the Independent Fiduciary;

8. Rule 19(a) Defendant Sierra Administration, Inc. is to cooperate fully with the Independent Fiduciary and make available to him upon demand all books, records, data, claims files, financial records and other documents within its possession or under its control which relate, directly or indirectly, to the Employers Mutual Plans, their administration or their assets;

9. The Independent Fiduciary has the authority to determine whether Employers Mutual, the Associations, and the Employers Mutual Plans can continue as viable entities and, if so, the Independent Fiduciary is to prepare and present to the Court an appropriate plan of reorganization. If not, the Independent Fiduciary is to terminate the Employers Mutual Plans, marshall the assets of Employers Mutual, the Associations, and

the Employers Mutual Plans and implement an orderly plan of liquidation. In either case, the Independent Fiduciary is authorized to pursue all legitimate claims Employers Mutual, the Associations, and the Employers Mutual Plans may have against third parties which, in his judgment, are likely to result in a meaningful recovery of assets to pay participant claims or costs of administration. The Independent Fiduciary need not pursue claims which are being pursued by the Plaintiff in this action;

10. The Independent Fiduciary in the performance of his duties may retain such assistance as he may require, including attorneys, accountants, actuaries and other service providers;

11. The payment of administrative expenses and all fees to the Independent Fiduciary, his assistants, attorneys, accountants, actuaries and other necessary service providers are to be considered priority administrative expenses of the Employers Mutual Plans and its related entities, superior to any other class of expense or obligation of the Employers Mutual Plans or its related entities and the Independent Fiduciary's second priority is to be the payment of legitimate claims;

12. The Independent Fiduciary may not be held personally responsible for any claims against the Employers Mutual Plans or the related entities which existed, arose, matured or vested prior to the appointment of the Independent Fiduciary;

13. The Independent Fiduciary is to comply with all applicable rules and laws and must submit its proposed fee schedule to the Court for approval within five days of the entry

of this Order, with copies to all parties to this litigation, and if approved by the Court, file monthly billings with the Court with copies to the parties. The parties have five days from receipt to comment on the proposed fee schedule;

14. The Independent Fiduciary is to obtain a bond pursuant to ERISA § 412, 29 U.S.C. § 1112. Since the beneficiary of the bond is to be the Employers Mutual Plans, the Employers Mutual Plans may pay for the cost of the bond. This provision may be satisfied by the Independent Fiduciary securing coverage for himself under any bond currently in force with respect to the Employers Mutual Plans, provided that the bond satisfies the provisions of ERISA; and

15. All proceedings concerning the Employers Mutual Plans, Employers Mutual, and/or the Associations are stayed, except such stay does not prevent any state or state agency from freezing any of Defendants' assets in aid of the Independent Fiduciary;

16. This Court's Order is issued upon the Secretary's showing that there is a strong likelihood that she will prevail on her claims of ERISA violations.

IT IS FURTHER ORDERED THAT:

16. Defendants shall appear before this Court at the United States District Courthouse, Courtroom Number \_\_\_\_, Reno, Nevada, on \_\_\_\_, 2001 at \_\_\_\_ m. to show cause, if any there be, why a preliminary injunction should not issue that:

a. Incorporates the provisions of this Order as outlined herein;

b. Further authorizes the Independent Fiduciary to either reorganize the Employers Mutual, the Associations, and the Employers Mutual Plans and their related entities or arrange for their orderly termination;

c. Enjoins Defendants from acting as fiduciaries, providing services to or receiving compensation from the Trusts, their related entities or any other ERISA covered plan pending further order of this Court; and

d. Provides such other relief as may be deemed to be equitable and appropriate.

17. Pursuant to Rule 65(c) of the Federal Rules of Civil Procedure, no bond or other security shall be required of the Plaintiff.

18. Any opposition by a Defendant to Plaintiff's motion for a preliminary injunction shall be filed on or before December \_\_\_\_, 2001, and served on Plaintiff by fax at (202) 693-5610 or by overnight mail at Room N-4611, 200 Constitution Ave. N.W., Washington, D.C. 20210.

This Temporary Restraining Order was entered in Reno, Nevada at \_\_\_\_\_. m., this \_\_\_\_\_ day of December 2001.

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UNITED STATES DISTRICT JUDGE



CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of December 2001, I caused true and correct copies of the foregoing:

[PROPOSED] TRO AND ORDER TO SHOW CAUSE

to be served by first class mail, postage prepaid, to the following:

Norman Taplin  
Taplin & Associates  
1555 Palm Beach Lakes Blvd.  
Suite 1510  
West Palm Beach, Florida 33401

Marc Cullen  
2101 Corporate Blvd.  
Suite 415  
Boca Raton, Fa. 33431

American Association of Agriculture, LLC,  
Association of Automotive Dealers and Mechanics, LLC, Association  
of Barristers and Legal Aids, LLC,  
Communication Trade Workers Association, LLC,  
Construction Trade Workers Association, LLC,  
American Coalition of Consumers, LLC,  
Association of Cosmetologists, LLC,  
Culinary and Food Services Workers Association, LLC, Association  
of Educators, LLC,  
Association of Health Care Workers, LLC,  
National Alliance of Hospitality and Innkeepers, LLC, Association  
of Manufacturers and Wholesalers, LLC,  
Association of Real Estate Agents, LLC,  
Association of Retail Sellers, LLC,  
National Association of Transportation Workers, LLC,  
National Association of Independent Truckers, LLC  
Western Health Network  
WRK Investments, LLC  
Graf Investments, LLC  
711 South Carson  
Suite 4  
Carson City, Nevada 89701

American Benefit Society, Inc.  
141 Ganttown Road  
Suite E  
Turnersville, N.J. 08012

Sierra Administration, Inc.  
1281 Terminal Way  
Suite 115  
Reno, Nevada 89502

Associated Agents of America, Inc.  
8131 East Rosecrans Avenue  
Suite 102  
Paramount, Calif. 90723

William R. Kokott  
625 N. Evergreen  
Burbank, Calif. 91505

Nicholas E. Angelos  
4911 Lewis Road  
Agoura Hills, Calif. 91301

James Lee Graf  
29360 Vacation Drive  
Canyon Lake, Calif. 92587

Columbia Health Network Inc.  
2533 N. Carson Street  
Carson City, Nevada 89706

Kari Hanson  
29360 Vacation Drive  
Canyon Lake, Calif. 92587

  
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WILLIAM SCOTT